

March 18, 2004

Mr. Ross Chittenden, Acting Program Manager  
Department of Transportation  
Governor's Traffic Congestion Relief Program  
1120 N Street Room 1115  
P.O. Box 942873 MS 49  
Sacramento, California 94273-0001

Re: Revised North Coast Railroad Authority Quarterly Financial Report for the 2<sup>nd</sup>  
Quarter Of Fiscal Year 03/04

Dear Mr. Chittenden,

Enclosed is NCRA's Quarterly Financial Report for the 2<sup>nd</sup> Quarter of Fiscal Year 03/04. The Report discusses the material changes since our last quarterly financial report for the first quarter 03/04 and it consists of a written narrative, a variance table, and Schedules A and B for both Operating and No Rail Service scenarios.

In addition to the Financial Reports, you will also find our "Operational Plan, South End – Lombard to Willits."

Should you have questions or require additional information concerning our quarterly report or our reopening plan, please call me at your earliest convenience.

Sincerely,

Mitch Stogner  
Executive Director

Cc: Robert Chung, CTC  
Cheryl Willis, Caltrans

# NORTH COAST RAILROAD AUTHORITY

## Quarterly Financial Report to the CTC Second Quarter of FY 03/04

### **Introduction**

The North Coast Railroad Authority (NCRA) is required to submit a financial status update, including outstanding debts and repayment strategies, on a quarterly basis to the California Transportation Commission. This report is required to list the cash balance forward, annual revenues and expenditures, long term debt, and a ten (10) year projection. The financial schedules presented in this current report have been revised to reflect the current cost information reported by Sonoma County accounting staff and verified by the NCRA. Only those variances in revenue and expenses are explained in detail. Financial schedules have been provided for the "With Rail Service" and "No Rail Service" scenarios.

### **Revenue**

Traditionally, the majority of NCRA's annual reoccurring revenues are from property (lease revenue, encroachment applications, etc), signal crossing maintenance funds and interest earned on cash balances. A major annual revenue source, upon which the funding of future agency expenses is dependent, are the lease payments paid to the Agency from the daily operation of freight trains. As a result of the cessation of operations in September 2001, no revenue has been received from the operator. Non-reoccurring opportunities (non-property) generating revenues are the sale of assets, reimbursement from past funding sources and other miscellaneous opportunities that may be available to the Agency. When the railroad resumes operation, approximately \$260,000 of unrestricted FEMA/OES retention funds will be provided to the Agency. Interest from an escrow account that was established at the time of the purchase of the Willits to Healdsburg segment from the Southern Pacific will be disbursed to the Agency on an annual basis until Southern Pacific completes the required environmental remediation at specific sites. The escrow account is referred to as the UP Escrow since Union Pacific acquired Southern Pacific.

The major revenue variance reported this quarter is found in the Balance Forward 04-05 and the years following throughout the schedule. A data entry and cell formulation error by interim management personnel caused the balance forward to be inaccurate in the last two quarterly reports. The formulas have been corrected and the report that follows is updated to reflect those changes. The other variance in revenue is the Rail Operation Lease Payments. The last report to the CTC stated the NCRA would collect \$20,000 in lease payments from the Operator with resumption of rail service at the end of FY 03-04. We now anticipate a resumption of rail service towards the beginning of FY 04-05.

### **Expenses**

The first expense variance to report is in regards to Emergency Repairs. Previously "Emergency Repairs" was listed as a line item outside of the Agency Budget, but in October the board adopted the final budget, which included contingency funding for emergencies. Secondly, in the last report to the CTC the "Agency Budget" figure was based on the draft NCRA Budget 03-04. Since then a final NCRA budget was approved and the expenditures were reduced.

### **Long Term Debt**

As mentioned above under "Revenue" the FEMA/OES Retention Funds are not anticipated until the resumption of rail service. The NCRA Board has already obligated these funds to satisfy potential judgments. The major variance reported this quarter is the shifting of payment on these potential judgments to 04-05, instead of 03-04.

In addition, Caltrans management must approve a proposed repayment strategy for the Prop 116 audit exception. Staff submitted a formal proposal to Caltrans on November 5<sup>th</sup>, 2003 for their consideration that would spread the debt out over several years, but nothing has been finalized as of this writing. Currently the entire debt is listed under Long Term Debt in 2004-2005 in one lump sum.

All though this report is "as of 12-31-03" it is important to note that in January of 2004 the Board approved an NWPRRA Dissolution Agreement in which all debt was forgiven. This includes \$100,000, and \$41,000 listed under Long Term Debt in 03-04 and 04-05 respectively. There is also an NWPRRA line item under the schedule "Contingent Liabilities" of \$16,000, which was included in the dissolution agreement for forgiveness as well. All of these changes will be included on the next report to the CTC for the quarter ending March 31, 2004.

### **Contingent Liabilities**

Of the listed contingent liabilities, only one claim is near settlement as advised by legal counsel in closed session, and that is the Boyle Engineering claim. An offer of settlement has been tendered for this claim. As previously reported, two additional liabilities were disclosed in the 01/02 Single year audit relating to the Environmental Consent Decree. These new liabilities total \$113,319 for Fish and Game and \$50,000 for the Department of Toxic Substance Control and they are under discussion with respective Consent Decree parties and have not been factored into the long-term debt.

# *NCRA Variance Report*

Second Quarter of FY 03/04  
September 30, 2003 vs. December 30, 2003

## REVENUE

	9/30/03	12/30/03	Variance	Explanation
Balance Forward 03-04	<u>\$258,491</u>	<u>\$254,724</u>	<u>(\$3,767)</u>	Data entry error
Balance Forward 04-05	<u>\$279,945</u>	<u>\$263,551</u>	<u>(\$16,394)</u>	Cell formulation error resulting in an inaccurate balance forwarding year to year.
FEMA/OES Retention 03-04	<u>\$259,769</u>	<u>\$0</u>	<u>(\$259,769)</u>	Not expected to receive until the resumption of rail service, and that is not expected now until 04-05.
Rail Operations	<u>\$20,000</u>	<u>\$0</u>	<u>(\$20,000)</u>	Rail Operations now not expected until beginning of FY 04-05. The last report to the CTC reflected a resumption of rail by the end of FY 03-04.

## EXPENSE

Emergency Repairs	<u>\$50,000</u>	<u>\$0</u>	<u>\$50,000</u>	Included in final budget adopted in October, 2003.
Combined Agency Budget	<u>\$661,000</u>	<u>\$653,627</u>	<u>\$7,373</u>	The "final" NCRA budget was adopted in October 2003. The previous reports to the CTC listed higher agency expenditures taken from the "draft" NCRA budget.

## LONG TERM DEBT

Satisfy Potential Judgments	<u>\$259,769</u>	<u>\$0</u>	<u>\$259,769</u>	With the resumption of rail service expected in 04-05, instead of 03-04 as was previously reported, FEMA Retention money moves into the 04-05 column. This unrestricted cash has been obligated to satisfy potential judgments which is now scheduled to be paid in 04-05 instead of 03-04 as was listed in the last report to the CTC.
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**Schedule A--Projected Revenue and Expenditure Summary - 12/31/03 - With Rail Service**

	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
<b>Balance Forward</b>	\$744,843 *	\$254,724 #	\$263,551	-\$111,387	-\$106,387	-\$101,787	-\$68,175	\$181,825	\$481,825	\$607,202	\$844,852	\$1,199,344
<b>Annual Revenue</b>												
Annual property revenue	\$145,896	\$250,000	\$275,000	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000
FEMA/OES retention			\$259,769									
Rail Operations Lease Payments			\$180,000	\$240,000	\$500,000	\$525,000	\$550,000	\$600,000	\$700,000	\$800,000	\$900,000	\$1,000,000
Sale of surplus equipment	\$15,000	\$139,704										
Signal crossing maintenance fund	\$0	\$0										\$9,329,879
TCR Admin	\$16,000											
Q-Fund	\$1,312,766											
Interest on pooled cash	\$16,874	\$7,000	\$1,000									
Revenue applicable to prior year	\$177,979											
TCR/TCI Project Reimbursement	\$99,775	\$21,000			\$10,000				\$15,377	\$27,650	\$44,492	\$78,726
UP clean-up escrow interest	\$0	\$293,750	\$20,000	\$15,000	\$10,000							
Q-Fund Deficit Account Interest	\$0	\$75,000										
State Payment for track repair												
<b>Total Revenue Available</b>	\$1,784,290	\$786,454	\$735,769	\$555,000	\$810,000	\$825,000	\$850,000	\$900,000	\$1,015,377	\$1,127,650	\$1,244,492	\$1,708,605
<b>Annual Expense</b>												
Property Management	\$88,743											
Administration Budget	\$421,699											
Crossing Maintenance	\$23,916											
Consulting Services	\$87,415											
Ukiah Depot Grant Match			\$18,000									
Emergency Repairs	\$12,877	agency budget	\$75,000									
Track repair												
Non-Reimbursed Project Mgmt.	\$81,500											
Combined Adm/Prop Budget (Agency Budget)		\$653,627	\$550,000	\$550,000	\$575,000	\$575,000	\$600,000	\$600,000	\$600,000	\$600,000	\$600,000	\$600,000
<b>Subtotal Annual Expenditures</b>	\$716,150	\$653,627	\$643,000	\$550,000	\$575,000	\$575,000	\$600,000	\$600,000	\$600,000	\$600,000	\$600,000	\$600,000
<b>Long-Term Debt</b>												
Boyle Engineering					\$230,400				\$20,000			
PALCO notes												
Option B interest	\$117,539	Agency Budget										
TXL Capital	\$11,037	Agency Budget										
RREDC loan	\$100,749											
NWPRA loan	\$0	\$100,000	\$41,938									
Meecham Loan						\$216,388						\$10,700,000
Calltrans Repayment	\$1,312,766											
IRS	\$0	\$24,000										
Neary	\$40,701	Agency Budget	Agency Budget									
Q-Fund Deficit Repayment												
Calltrans Audit Exceptions			\$166,000									
Satisfy potential judgements			\$259,769									
<b>Subtotal Long-Term Debt</b>	\$1,582,792	\$124,000	\$467,707	\$0	\$230,400	\$216,388	\$0	\$0	\$290,000	\$290,000	\$290,000	\$280,000
<b>TOTAL EXPENSE</b>	\$2,298,942	\$777,627	\$1,110,707	\$550,000	\$805,400	\$791,388	\$600,000	\$600,000	\$890,000	\$890,000	\$890,000	\$11,580,000
<b>Ending Balance</b>	\$230,191	\$263,551	-\$111,387	-\$106,387	-\$101,787	-\$68,175	\$181,825	\$481,825	\$607,202	\$844,852	\$1,199,344	\$327,949
<b>Contingent Liabilities</b>	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
(See Schedule B)												

\* CASH BALANCE IN NCRA PROPERTY AND ADMINISTRATIVE ACCOUNTS AS REPORTED BY SONOMA COUNTY AUDITORS ON 7/1/02.  
 # CASH BALANCE IN NCRA PROPERTY AND ADMINISTRATIVE ACCOUNTS AS REPORTED BY SONOMA COUNTY AUDITORS ON 7/1/03.

# (Includes passenger car revenue, which is held with Sonoma County as restricted cash per Prop 116. The \$15K listed as revenue in 02-03 is from a deposit made by the accepted bidder towards the purchase of passenger cars. The bidder later reneged on the purchase, with the understanding that their deposit was nonrefundable. The deposit is unrestricted cash.

# The difference in the beginning balance and the ending balance is restricted cash from sale of rail cars

**Schedule A--Revenue Only - 12/31/03 - With Rail Service**

	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
<b>Balance Forward</b>	<b>\$744,843</b>	<b>\$254,724</b>	<b>\$263,551</b>	<b>-\$111,387</b>	<b>-\$106,387</b>	<b>-\$101,787</b>	<b>-\$68,175</b>	<b>\$181,825</b>	<b>\$481,825</b>	<b>\$607,202</b>	<b>\$844,852</b>	<b>\$1,199,344</b>
<b>Annual Revenue</b>												
(1) Annual property revenue	\$145,896	\$250,000	\$275,000	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000
(2) FEMA/OES retention			\$259,769									
(3) Rail Operations Lease Payments			\$180,000	\$240,000	\$500,000	\$525,000	\$550,000	\$600,000	\$700,000	\$800,000	\$900,000	\$1,000,000
(4) Sale of surplus equipment	\$15,000	\$139,704										
(5) Signal crossing maintenance fund	\$0	\$0										
(6) TCR Admin	\$16,000											
(7) Q-Fund	\$1,312,766											\$9,329,879
(8) Interest on pooled cash	\$16,874	\$7,000	\$1,000									
(9) Revenue Applicable to prior year	\$177,379											
(10) TCR/TCI Reimbursement	\$99,775	\$21,000										
(11) UP Cleanup escrow interest	\$0	\$293,750	\$20,000	\$15,000	\$10,000				\$15,377	\$27,650	\$44,492	\$78,726
(12) Q-Fund Deficit Account Interest												
(13) Track damage at CT Route 162 Project		\$75,000										
<b>Total revenue available</b>	<b>\$1,784,290</b>	<b>\$786,454</b>	<b>\$735,769</b>	<b>\$555,000</b>	<b>\$810,000</b>	<b>\$825,000</b>	<b>\$850,000</b>	<b>\$900,000</b>	<b>\$1,015,377</b>	<b>\$1,127,650</b>	<b>\$1,244,492</b>	<b>\$10,708,605</b>

**NOTES**

Balance forward in 03-04 is actual cash as reported by Sonoma Co. and verified by NCRA staff

(1) Lag in collections for 02/03. Invoiced \$284,000 and expect carry-over into 03/04 to yield \$250,000 for full fiscal year. Disciplined management control should enable increased collection for existing leases, along with collecting against illegal encroachments estimated at \$15,000 - \$20,000 on south end of railroad alone.

(2) Remaining disaster 1203 retention from the Colait to Willis portion of the railroad. Payment due upon resumption of rail service in 03/04.

(3) Estimated lease payments from south end service. North end lease payments estimated to start 06/07.

(4) Sale of passenger equipment. Anticipated to sell remainder in 03/04. Restricted funds but looking into applying to the CTC to have restriction lifted because NCRA paid off the REDEC loan for \$100,000 out of its own funds to lift the lien on car so it could be sold.

(5) A calculated reimbursement for maintenance of crossings from State sources. Current invoice for \$172,000. As of 7/16/03 reimbursement request has been denied. NCRA pursuing administrative appeal. If reimbursement is made, one half will go to private operator upon resumption of service 06/1/04 if NWPY passes a preaward audit and makes payment to the Department.

(6) The balance of the \$500,000 TCR allocation for FY 2001-02.

(7) Revenue from the Local Agency Investment Fund trust identified for Q-Fund repayment used to reimburse Caltrans for payment made to FHWA for NCRA audit exception.

(8) Projected interest on funds held by Sonoma County on behalf of NCRA. Interest revenue included in both Property and Administrative Budgets. This figure does not contain interest on TCR funds which are being accounted for separately.

(9) Revenue received in 02-03, but applicable to 01-02. Includes \$125,336 for crossing maintenance fund, \$16,461.45 reimbursement to administrative account from State, and \$635.97 in misc revenue.

(10) ECD Assessment \$99,775. Expect additional reimbursement of \$21,057 for a total of \$121,000.

(11) Current interest on an escrow account established at time of 1996 Willis to Healdsburg purchase to guarantee environmental cleanup of specific sites by UP. Expect to continue to draw interest until sites cleaned in 3 years. Disbursement received on October 21st, 2003 and amount listed here is actual. 03-04 figure is cumulative for past years. The following years will have payments dispursed annually.

(12) Interest generated with yearly payments to LAIF at 5.2% compounded quarterly with \$290,000 yearly installments with final payoff of \$280,000

(13) Track damage to CT Route 162 Project - milepost 5.7. NCRA to repair track as part of rail rehabilitation project

**Schedule A--Annual Expenditures - 12/31/03 With Rail Service**

	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>
<b>Annual Expense</b>												
(1) Property Management	\$88,743											
(2) Administration Budget	\$421,699											
(3) Crossing Maintenance	\$23,916											
(4) Consulting Services	\$87,415											
(5) Misc Expenses												
(6) Ukiah Depot Grant Match			\$18,000									
(7) Emergency Repairs	\$12,877	agency budget										
(8) Track Repair			\$75,000									
(9) Non-Reimbursed Project Mgr	\$81,500											
(10) Combined Adm/Prop Budget		\$653,627	\$550,000	\$550,000	\$575,000	\$575,000	\$600,000	\$600,000	\$600,000	\$600,000	\$600,000	\$600,000
<b>Sub-Total</b>	\$716,150	\$653,627	\$643,000	\$550,000	\$575,000	\$575,000	\$600,000	\$600,000	\$600,000	\$600,000	\$600,000	\$600,000

**Notes**

- (1) Outside professional services as required
- (2) Actual Administration account as reflected in mid June expense reports.
- (3) Actual expenditure for utility and related crossing expenses included in future Property Budgets. Obligation will be assumed by freight operator upon resumption of service.
- (4) Consulting services included in Property and Administrative Budgets. Property Budget includes Willdams \$135,000 on-call contract and P B Ports & Marine \$10,000 updates to both Rail Feasibility and Economic Impact Study
- (5) One-time expenditures in 2001-02 not expected to repeat in subsequent years.
- (6) A one-time payment of the local match (\$18,000) to restore the Ukiah Depot. Future HQ location for the NCRA. Is budgeted in 03/04 combined Adm/Prop.
- (7) Board authorized emergency contingency funding as needed and included it in the final Agency Budget adopted on October 15, 2003.
- (8) Track damage to CT Route 162 Project HWY Mile Post 5.7 - NCRA to repair track as part of rail rehabilitation project
- (9) The total anticipated Project Manager cost is \$98,500. The admin budget includes \$17,000. The remaining \$81,500 is identified here as a material update to the budget
- (10) Fiscal year 03/04 will have a single agency budget which will combine Administration, Property and all other expenses and revenue into one budget. It will not include any outside funding revenue or associated expense. The primary variance in the 03/04 budget vs 02/03 combined actual is \$100,000 less in consulting services. Future budgets reflect salary increases and inflationary business increases

**Schedule A--Long-Term Debt - With Rail Service 12/31/03**

	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
<b>Long-Term Debt</b>												
(1) Boyle Engineering					\$230,400				\$20,000 plus interest			
(2) PALCO Notes												
(3) Option B Interest	\$117,539	\$7,539	\$7,539	\$7,539	\$7,539	\$7,539	\$7,539	\$7,539	\$7,539	\$7,539		
(4) TXL Capital	\$11,037	\$11,037	\$10,551	\$9,551	\$9,053	\$8,565	\$8,066	\$7,570				
(5) RREDEC Loan	\$100,749	relieved										
(6) NWPRA Loan	\$0	\$100,000	\$41,938									
7) Meecham Loan						\$216,388						\$10,700,000
8) Caltrans Repayment	\$1,312,766											
(9) IRS	\$0	\$24,000							\$290,000	\$290,000	\$290,000	\$280,000
10) Neary	\$40,701	\$40,701	\$40,701									
(11) Q-Fund Deficit Repayment												
(12) Caltrans Audit Exceptions			\$166,000									
(13) Satisfy potential judgements			\$259,769									
Subtotal Long-Term Debt	\$1,582,792	\$183,277	\$526,498	\$17,090	\$246,992	\$232,492	\$15,605	\$15,109	\$297,539	\$297,539	\$290,000	\$10,980,000
Items 3, 4, & 10 part of Agency Budget, Schedule A	\$59,277	\$58,791	\$16,592	\$17,090	\$16,592	\$16,104	\$15,605	\$15,109	\$7,539	\$7,539		
Total Long Term Debt	\$124,000	\$467,707	\$0	\$0	\$230,400	\$216,388	\$0	\$0	\$290,000	\$290,000	\$290,000	

**Notes**

- (1) Settlement amount for \$20,000 - Part of agreement is that amount can be deferred, with interest
- (2) Two notes, original amount was \$146,505 at 6%. Defer payment until 06/07 when due. Will increase future debt.
- (3) Remaining interest due those that chose to receive full interest over 11 years instead of an up front payment of reduced interest. Herzog settlement in 02/03
- (4) Judgement was for \$70,750 with interest at 7%. Liability was from locomotive leases. Make annual payments per stipulated judgement.
- (5) Loan paid in full to enable release of encumbered passenger cars to complete sale transaction to Orient Express. Initially made payments, and then paid in full. This is the total paid to REDEC, with interest, to close the loan.
- (6) Repayment of funds loaned for repair of Haystack Landing Bridge. Original amount was \$176,000 with minimum annual payments of \$50,000 with interest at LAIF rates.
- (7) Originally \$124,000 at 7% on 6/30/01. Defer until 07/08 when due. Will increase future debt.
- (8) Repayment of Caltrans complete for their payment to FHWA of 1996 NCRA audit exception.
- (9) IRS accepted \$24,000 as settlement for back due payroll taxes. (Paid in October, 2003.)
- (10) Current Chris Neary agreement specifies payment for past services. Proposed payment in three annual installments without interest.
- (11) By withdrawing \$1,312,766 immediately from Q-Fund, at 5.2% interest rate, fund has deficit of \$1,370,121 when payable in full. Installment payments into LAIF at this level repays fund.
- (12) Caltrans audit exceptions related to Herzog and Rail-Ways Prop 116 activities. Defer until NCRA is ready to use these repaid Prop 116 funds as ISTE 20% match. Contingent upon Caltrans approval.
- (13) Unrestricted. FEMA retention money to be used to satisfy potential judgements. The board has authorized application of the Retention to Mass Electric in settlement of its litigation.

**Schedule B--Contingent Liabilities - 12/31/03 With Rail Service**

	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
<b>Liabilities not Considered Valid</b>													
(1) Mass electric claim	\$1,328,000	\$1,328,000	\$1,328,000										
(2) Calltrans Audit Exception		\$0	\$0										
(3) TCRP Debt Reduction	\$98,887	\$98,887	\$98,887										
(4) NWPRA Invoices	\$16,000	\$16,000	\$16,000										
(5) Hardin, Cook	\$18,000	\$18,000	\$18,000										
(6) Car Hire	\$915,227	\$915,227	\$915,227										
<b>SUB TOTAL</b>	<b>\$2,376,114</b>	<b>\$2,376,114</b>	<b>\$2,376,114</b>										
<b>Liabilities repayment under negotiation</b>													
(7) FEMA Community Disaster Loan	\$855,500	\$855,500	\$855,500										
(8) Fish and Game	\$113,319	\$113,319	\$113,319										
(9) Dept of Toxic Substance	\$50,000	\$50,000	\$50,000										
<b>Sub-Total</b>	<b>\$1,018,819</b>	<b>\$1,018,819</b>	<b>\$1,018,819</b>	<b>\$0</b>									

**Notes**

- (1) In litigation.
- (2) Project closed out. Audit exception reversed. Balance now \$0.
- (3) Elek-Tec (\$2,804), PacBell (\$14,652) and Skyline Steel (\$31,431) did not respond to TCR debt reduction contact efforts. Omitted from original debt reduction (self-insured retention of \$50,000). NCRA will begin the process to write-off these first three debts.
- (4) Relates to damage at Blackpoint Bridge from a barge collision and counsel advises that it will be recovered
- (5) Legal fees provided for FELA representation in the mid 90's. Counsel advises that it is not a valid claim.
- (6) Per Union Pacific response to single year audit 01/02. Under current negotiations.
- (7) Statutory relief pending. Initiated formal process with FEMA for forgiveness.
- (8) Per the Environmental Consent Decree. Under discussion with respective Consent Decree parties.
- (9) Per the Environmental Consent Decree. Under discussion with respective Consent Decree parties.

**Schedule A--Projected Revenue and Expenditure Summary - No Rail Service - 4/31/03**

	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
<b>Balance Forward</b>	\$744,843 *	\$254,724 #	\$263,651	-\$723,156	-\$1,130,156	-\$1,797,556	-\$2,460,944	-\$2,932,944	-\$3,404,944	-\$4,171,567	-\$4,905,917	-\$5,623,425
<b>Annual Revenue</b>	\$145,896	\$250,000	\$275,000	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000
FEMA/OES retention	\$15,000	\$139,704	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Rail Operations Lease Payments	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Sale of surplus equipment	\$16,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Signal crossing maintenance fund	\$1,312,766	\$7,000	\$1,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Q-Fund	\$16,874	\$21,000	\$20,000	\$15,000	\$10,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Interest	\$177,979	\$293,750	\$75,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Revenue applicable to prior year	\$99,775	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
TCR/TCI Project Reimbursement	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
UP clean-up escrow interest	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
State payment for track repair	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Q-Fund Deficit Account Interest	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total revenue available</b>	\$1,784,290	\$786,454	\$296,000	\$315,000	\$310,000	\$300,000	\$300,000	\$300,000	\$315,377	\$327,650	\$44,492	\$9,708,605
<b>Annual Expense</b>	\$88,743	\$653,627	\$722,000	\$722,000	\$747,000	\$747,000	\$772,000	\$772,000	\$772,000	\$772,000	\$772,000	\$772,000
Property Management	\$421,699	\$815,000	\$815,000	\$815,000	\$815,000	\$815,000	\$815,000	\$815,000	\$815,000	\$815,000	\$815,000	\$815,000
Administration Budget	\$23,916	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Crossing Maintenance	\$87,415	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Consulting Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Ukiah Depot Grant Match	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Emergency Repairs	\$12,877	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Track Repair	\$81,500	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Non-Reimbursed Project Mgmt.	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Combined Adm/Prop Budget	\$716,150	\$653,627	\$815,000	\$722,000	\$747,000	\$747,000	\$772,000	\$772,000	\$772,000	\$772,000	\$772,000	\$772,000
<b>Subtotal Annual Expenditures</b>	\$716,150	\$653,627	\$815,000	\$722,000	\$747,000	\$747,000	\$772,000	\$772,000	\$772,000	\$772,000	\$772,000	\$772,000
<b>Long-Term Debt</b>	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Boyle Engineering	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
PALCO notes	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Opiton B interest	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
TXL Capital	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
RREDC loan	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
NWPPRA loan	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Meecham Loan	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Caltrans Repayment	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
IRS	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Nearby	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Q-Fund Deficit Repayment	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Caltrans Audit Exceptions	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Satisfy potential judgements	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Subtotal Long-Term Debt</b>	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total Expenses</b>	\$2,298,942	\$777,627	\$1,282,707	\$722,000	\$977,400	\$963,388	\$772,000	\$772,000	\$1,082,000	\$1,062,000	\$1,062,000	\$11,752,000
<b>Ending Balance</b>	\$230,191	\$263,651	-\$723,156	-\$1,130,156	-\$1,797,556	-\$2,460,944	-\$2,932,944	-\$3,404,944	-\$4,171,567	-\$4,905,917	-\$5,623,425	-\$7,666,820
Contingent Liabilities	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
(See Schedule B)												

\* CASH BALANCE IN NCRA PROPERTY AND ADMINISTRATIVE ACCOUNTS AS REPORTED BY SONOMA COUNTY AUDITORS ON 7/1/02  
# CASH BALANCE IN NCRA PROPERTY AND ADMINISTRATIVE ACCOUNTS AS REPORTED BY SONOMA COUNTY AUDITORS ON 07/01/2003  
( Includes passenger car revenue, which is held with Sonoma County as restricted cash per Prop 116. The \$15K listed as revenue in 02-03 is from a deposit made by the accepted bidder towards the purchase of passenger cars. The bidder later reneged on the purchase, with the understanding that the deposit was nonrefundable. The deposit is unrestricted cash.)

# The difference in the beginning balance and the ending balance is restricted cash from sale of rail cars

**Schedule A--Revenue Only - No Rail Service - 12/31/03**

	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
<b>Balance Forward</b>	\$744,843	\$254,724	\$263,551	-\$723,156	-\$1,130,156	-\$1,797,556	-\$2,460,944	-\$2,932,944	-\$3,404,944	-\$4,171,567	-\$4,905,917	-\$5,623,425
<b>Annual Revenue</b>												
(1) Annual property revenue	\$145,896	\$250,000	\$275,000	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000
(2) FEMA/OES retention												
(3) Rail Operations Lease Payments												
(4) Sale of surplus equipment	\$15,000	\$139,704										
(5) Crossing Maintenance Fund	\$0	\$0	\$0	\$0	\$0	\$0						
(6) TCR Admin	\$16,000											
(7) Q-Fund	\$1,312,766											
(8) Interest	\$16,874	\$7,000	\$1,000									
(9) Revenue applicable to prior year	\$177,979											
(9) TCR/TCI Reimbursement	\$99,775	\$21,000										
(10) UP Cleanup escrow interest		\$293,750	\$20,000	\$15,000	\$10,000							
(11) Track Damage at CT Route 162 Project		\$75,000										
(12) Q-Fund Deficit Account Interest									\$15,377	\$27,650	\$44,492	\$76,726
<b>Total revenue available</b>	\$1,784,290	\$786,454	\$296,000	\$315,000	\$310,000	\$300,000	\$300,000	\$300,000	\$315,377	\$327,650	\$344,492	\$5,708,605

**NOTES**

- (1) Lag in collections for 02/03. Invoiced \$284,000 and expect carry-over into 03/04 to yield \$250,000 for full fiscal year. Disciplined management control should enable increased collection for existing leases, along with collecting against illegal encroachments estimated at \$15,000 - \$20,000 on south end of the railroad alone.
- (2) The \$260,000 FEMA retention would not be released under a no rail service scenario.
- (3) Estimated lease payments from south end service. North end lease payments estimated to start 06/07.
- (4) Sale of passenger equipment. Anticipated to sell remainder in 03/04. Restricted funds but looking ublo applying to the CTC to have restriction lifted because NCRA paid off the REDEC loan for \$100,000 out of its own funds to lift the lien on car so it could be sold.
- (5) Signal Crossing Maintenance fund unavailable if there is no rail service
- (6) The balance of the \$500,000 TCR allocation for FY 2001-02.
- (7) Revenue from the Local Agency Investment Fund trust identified for Q-Fund repayment used to reimburse Caltrans for payment made to FHWA.
- (8) Projected interest on funds held by Sonoma County on behalf of NCRA. Interest revenue included in both Property and Administrative Budgets. This figure does not contain interest on TCR funds which are being accounted for seperately.
- (9) ECD Assessment \$99,775. Expect additional reimbursement of \$21,057 for a total of \$121,000.
- (10) Current interest on an escrow account established at time of 1996 Willis to Healdsburg purchase to guarantee environmental cleanup of specific sites by UP. Expect to continue to draw interest until sites cleaned in 3 years.
- (11) Track damage to CT Route 162 Project - milepost 5.7. NCRA to repair track as part of rail rehab project.
- (12) Interest generated with yearly payments to LAIF at 5.2% compounded quarterly with \$290,000 yearly installments with final payoff of \$280,000

**Schedule A--Annual Expenditures - No Rail Service - 12/31/03**

	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
<b>Annual Expense</b>												
(1) Property Management	\$88,743											
(2) Administration Budget	\$421,699											
(3) Crossing Maintenance	\$23,946											
(4) Consulting Services	\$87,415											
(5) Misc Expenses												
(6) Ukiah Depot Grant Match	\$0		\$18,000									
(7) Emergency Repairs	\$12,877	agency budget										
(8) Track damage			\$75,000									
(9) Non-Reimbursed Project Mgmt.	\$81,500											
(10) Combined Adm/Prop Budget	\$716,180	\$653,627	\$722,000	\$722,000	\$747,000	\$747,000	\$772,000	\$772,000	\$772,000	\$772,000	\$772,000	\$772,000
<b>Sub-Total</b>		\$653,627	\$815,000	\$722,000	\$747,000	\$747,000	\$772,000	\$772,000	\$772,000	\$772,000	\$772,000	\$772,000

**Notes**

- (1) Outside professional services as required
- (2) Administration Budget adopted by NCRA Board October 16, 2002.
- (3) Anticipated expenditure for utility and related crossing expenses included in future Property Budgets. Obligation will be assumed by freight operator upon resumption of service.
- (4) Consulting services included in Property and Administrative Budgets. Property Budget includes Willdams \$135,000 on-call contract and P B Ports & Marine \$10,000 updates to both Rail Feasibility and Economic Impact Study.
- (5) One-time expenditures in 2001-02 not expected to repeat in subsequent years.
- (6) A one-time payment of the local match (\$18,000) to restore the Ukiah Depot. Future HQ location for the NCRA. Will be budgeted in 03/04 combined Adm/Prop.
- (7) Board authorized emergency contingency funding as needed and included it in the final Agency Budget adopted on October 15, 2003.
- (8) Track damage to CT Route 162 Project HWY milepost 5.7. NCRA to repair track as part of rail rehab project.
- (9) The total anticipated Project Manager cost is \$98,500. The admin budgeted includes \$17,000. The remaining \$81,500 is identified here as a material update to the budget.
- (10) Fiscal year 03/04 will have a single agency budget which will combine Administration, Property and all other expenses and revenue into one budget. It will not include any outside funding revenue or associated expense. The primary variance in the 03/04 budget vs 02/03 combined actual is \$100,000 less in consulting services. Future budgets reflect salary increases and inflationary business increases. The offsetting expense of \$172,000 which matches the CPUC crossing maintenance reimbursement has been deleted for 03/04. NCRA can not maintain its crossings if it is denied reimbursement

**Schedule A--Long-Term Debt - No Rail Service - 12/31/03**

	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>
Long-Term Debt												
(1) Boyle Engineering					\$230,400				20,000 plus interest			
(2) PALCO Notes					\$7,539	\$7,539	\$7,539	\$7,539	\$7,539	\$7,539		
3) Option B Interest	\$117,539	\$7,539	\$7,539	\$7,539	\$7,539	\$7,539	\$7,539	\$7,539	\$7,539	\$7,539		
(4) TXL Capital	\$11,037	\$11,037	\$10,551	\$9,551	\$9,053	\$8,565	\$8,066	\$7,570				
(5) RRDEC Loan	\$100,749											
(6) NWPRA Loan	\$0	\$100,000	\$41,938									
7) Meecham Loan						\$216,388						
(8) Caltrans Repayment	\$1,312,766											\$10,700,000
(9) IRS	\$0	\$24,000										
(10) Neary	\$40,701	\$40,701	\$40,701						\$290,000	\$290,000	\$290,000	\$280,000
(11) Q-Fund Deficit Repayment												
(12) Caltrans Audit Exceptions			\$166,000									
(13) Satisfy potential judgements			\$259,769									
Subtotal Long-Term Debt	\$1,582,792	\$183,277	\$526,498	\$17,090	\$246,992	\$232,492	\$15,605	\$15,109	\$297,539	\$297,539	\$290,000	\$10,980,000
Items 3, 4 & 10 part of Agency Budget, Schedule A		-\$59,277	-\$58,791	-\$17,090	-\$16,592	-\$16,104	-\$15,605	-\$15,109	-\$7,539	-\$7,539		
Total Long Term Debt		\$124,000	\$467,707	\$0	\$230,400	\$216,388	\$0	\$0	\$290,000	\$290,000	\$290,000	

**Notes**

- (1) Settlement amount for \$20,000 - Part of agreement is that amount can be deferred, with interest
- (2) Two notes, original amount was \$146,505 at 6%. Defer payment until 06/07 when due. Will increase future debt.
- (3) Remaining interest due those that chose to receive full interest over 11 years instead of an up front payment of reduced interest. Herzog settlement in 02/03
- (4) Judgement was for \$70,750 with interest at 7%. Liability was from locomotive leases. Make annual payments per stipulated judgement.
- (5) Loan paid in full to enable release of encumbered passenger cars to complete sale transaction to Orient Express.
- (6) Repayment of funds loaned for repair of Haystack Landing Bridge. Original amount was \$176,000 with minimum annual payments of \$50,000 with interest at LAIF rates.
- (7) Originally \$124,000 at 7% on 6/30/01. Defer until 07/08 when due. Will increase future debt.
- (8) Repayment of Caltrans complete for their payment to FHWA of 1996 NCRA audit exception.
- (9) IRS accepted \$24,000 as settlement for back due payroll taxes. (Paid in October, 2003.)
- (10) Current Chris Neary agreement specifies payment for past services. Proposed payment in three annual installments without interest.
- (11) By withdrawing \$1,312,766 immediately from Q-Fund, at 5.2% interest rate, fund has deficit of \$1,370,121 when payable in full. Installment payments into LAIF at this level repays fund.
- (12) Caltrans audit exceptions related to Herzog and Rail-Ways Prop 116 activities. Defer until NCRA is ready to use these repaid Prop 116 funds as ISTEA 20% match. Contingent upon Caltrans approval.
- (13) Mass Electric in settlement of its litigation. Source of funding to be determined.

**Schedule B--Contingent Liabilities - No Rail Service - 12/31/03**

	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
<b>Liabilities not Considered Valid</b>													
(1) Mass electric claim	\$1,328,000	\$1,328,000	\$1,328,000										
2) Caltrans Audit Exceptions	\$500,000	\$0	\$0										
(3) TCRP Debt Reduction (\$98,887)	\$98,887	\$98,887	\$98,887	\$98,887									
4) NWPRA Invoices	\$16,000	\$16,000	\$16,000	\$16,000									
(5) Hardin, Cook	\$18,000	\$18,000	\$18,000	\$18,000									
6) Car Hire	\$915,227	\$915,227	\$915,227	\$915,227									
Sub Total	\$2,376,114	\$2,376,114	\$2,376,114	\$2,376,114									
<b>Liabilities repayment under negotiation</b>													
(7) FEMA Community Disaster Loan	\$8,555,000	\$8,555,000	\$8,555,000	\$8,555,000									
(8) Fish and Game	\$113,319	\$113,319	\$113,319	\$113,319									
(9) Dept of Toxic Substance	\$50,000	\$50,000	\$50,000	\$50,000									
Sub-Total	\$1,018,819	\$1,018,819	\$1,018,819	\$1,018,819	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

**Notes**

- (1) In litigation.
- (2) Project closed out. Audit exception reversed. Balance now \$0.
- (3) Eliek-Tec (\$2,804), PacBell (\$14,652) and Skyline Steel (\$31,431) no response to TCR debt reduction contact efforts. Ommitted from original debt reduction (self-insured retention of \$50,000). NCRA will begin the process to write-off first 3 debts in 03-04.
- (7) Relates to damage at Blackpoint Bridge from a barge collision and counsel advises that it will be recovered
- (4) Legal fees provided for FELA representation in the mid 90's. Counsel advises that it is not a valid claim.
- (5) Per Union Pacific response to single year audit 01/02. Under current negotiations.
- (6) Statutory relief pending. Initiated formal process with FEMA for forgiveness.
- (7) Per the Environmental Consent Decree. Under discussion with respective Consent Decree parties.
- (8) Per the Environmental Consent Decree. Under discussion with respective Consent Decree parties.



# North Coast Railroad Authority - UPDATE

## Operational Plan

*South End - Lombard to Willits (Milepost 1 - 142)*

Humboldt County Supervisor John Woolley – Chair, NCRA  
Mitch Stogner – Executive Director, NCRA



## Operational Plan

South End – Outline

• <i>South End – Summary</i>	Page 3
<i>Funding Opportunity</i>	Page 4
<i>Uses of Alternative Project Funds</i>	Page 5
<i>Environmental Clearance</i>	Page 6
<i>FEMA Alternate Project Construction Schedule</i>	Page 7
<i>Business Plan</i>	Page 8
<i>Business Plan Assumptions</i>	Page 9
<i>Sources and Uses of Funds</i>	Page 10
<i>Results of Operations/Railroad Measures</i>	Page 11
<i>Results of Operations/Income Statement</i>	Page 12



# Operational Plan

## Summary

- *The immediate goal of the NCRA is to restore freight service in 2004 from the national rail interchange in Lombard to Willits (milepost 1 – 142)*
- *There is a market for inbound freight up and down this line and for outbound lumber and aggregate materials, from Mendocino County.*
- *Additional markets exist for outbound lumber trucked from Humboldt County to a rail transload facility in Willits.*

April, 2004

3 of 14



# Operational Plan

## Funding Opportunity

- *With the suspension of TCRP funding and the potential loss of \$8.3 million in FEMA disaster assistance funding, in May 2003 the NCRA Board unanimously agreed to seek FEMA/OES approval to redirect the FEMA funds to the South End (Lombard to Willits).*
- *Known as the FEMA Alternate Project, FEMA/OES has conditionally approved approximately \$7.9 million for the South End to be awarded in February.*

April, 2004

4 of 14



# Operational Plan

## Uses of FEMA Alternate Project Funds

- *The FEMA/OES grant will be sufficient to bring the South End into conformity with FRA Class 2 standards (25 mph for freight).*
- *The approximately \$7.9 million in funding will be used to purchase equipment and repair track, bridges, and crossing signals.*
- *All of this work will take place within the existing railroad right-of-way.*

April, 2004

5 of 14



# Operational Plan

## Environmental Clearance

- **FEMA / OES has outlined an environmental clearance process consisting of the following steps...**

*1- FEMA/OES finalizes a Programmatic (generic) Environmental Assessment in December, and initiates a 20 day public comment period.*

*2- After addressing comments, FEMA/OES awards grant and NCRA begins development of a detailed scope of work.*

*3- FEMA/OES reviews project scope and approves categorical exclusions, if warranted, based on the work to be undertaken on specific sections of track.*

April, 2004

6 of 14



# Operational Plan

## FEMA Alternate Project Construction Schedule

- 2003 - Late February**

*Award of Alternate Project Grant*

- 2004 - March**

*Detailed scope of work finalized*

- 2004 - April**

*Purchase of equipment; begin work on track, bridges and signals*

- 2004 - August**

*Freight service from Lombard to Willits resumes*

April, 2004

7 of 14



# Operational Plan

## Business Plan

- Existing and emerging markets on the South End can sustain profitable stand-alone railroad operations.*

- Prior to suspension of service, there were 31 freight customers (both shippers and receivers) from Willits, South. Of those, 3 businesses have departed and 4 others have declined to ship or receive freight in the future, leaving a start up base of 24.*

- However, 18 potential new customers have been identified bringing the total projected customer base on the South End to 42.*

*Continued...*

April, 2004

8 of 14



CTC Presentation April 2004

## Operational Plan

Business Plan (Continued)

*•The reinstatement of freight service by Sierra Railroad on the California Western Railroad (CWR), Fort Bragg to Willits, would produce two other potential freight opportunities for the South End...*

### **•Shipment of logs**

Logs would be picked up in the Fort Bragg area and delivered across the CWR to NCRA track in Willits and then delivered to either Cloverdale or the UP via the national rail interchange in Lombard.

### **•Shipment of sand**

Sand would be picked up in the Fort Bragg area and delivered across the CWR to NCRA track in Willits and then delivered to Sonoma and Napa county destinations.

April, 2004

Continued... 9 of 14



CTC Presentation April 2004

## Operational Plan

Business Plan (Continued)

*•South-End freight traffic will benefit through the movement of aggregates including the planned opening of an aggregates distribution center south of Santa Rosa.*

*•The highway-rail transload terminal in Willits will serve Humboldt and Mendocino County forest-product mills. Finished wood products will be trucked to Willits and then hauled south over the NCRA track to the national rail interchange in Lombard.*

April, 2004

10 of 14



# Operational Plan

## Business Plan Assumptions

- *Recovery of historic traffic levels will take 24 months, with only 65% of the historic traffic base recovered by the end of the first 12 months of operating.*
- *New traffic will not begin to appear until the railroad has been in continuous operation for 12 months.*
- *The California Western Railroad (CWR) reorganization is assumed to be completed in May, 2004 but interchange traffic at Willits will not appear until August, 2004.*



# Operational Plan

## Sources and Uses of Funds 2004 to 2006

	FEMA /OES Grant
Track, Bridges & Signals	\$3,877,000
Equipment	\$3,900,000
Material Inventory	\$123,000
Totals	\$7,900,000*

*\* This will bring track up to FRA Class II*



# Operational Plan

Results of Operations  
Railroad Operating Measures – Expected Case

	2004*	2005	2006
Carloads Handled	925	6,695	14,226
Trains Operated	123	287	1,231
Locomotives in Service	6	9	11
Jobs Provided	20	36	37

\* 6 months



# Operational Plan

Results of Operations  
Income Statement – Expected Case

	2004*	2005	2006
Gross Revenues	\$443.2	\$2,91.5	\$5,989.8
Operating Expenses	\$863.0	\$2,749.8	\$4,249.2
Net Operating Income	(\$419.8)	(\$53.3)	\$1,710.6
Depreciation	\$104.7	\$147.7	\$173.5
Other Exp & Interest	\$178.4	\$316.4	\$303.4
Net Pre-tax Income	\$(720.9)	(\$490.1)	\$1,228.5

\* 6 months